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Held at Headquarters, New York, on Monday, 18 May 1998, at 10 a.m.

Chairman: Ms. Incera (Vice-Chairman) ..... (Costa Rica)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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In the absence of Mr. Chowdhury (Bangladesh), Ms. Incera (Costa Rica), Vice-Chairman, took the Chair.

The meeting was called to order at 10.10 a.m.

Agenda item 142: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

(a) Financing of the United Nations peacekeeping operations (A/52/860)

Agenda item 122: Financing of the United Nations peacekeeping forces in the Middle East

(a) **United Nations Disengagement Observer Force** (A/52/771 and Add.1 and Add.1/Corr.1 and Add.2, A/52/860/Add.5)

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(a) **United Nations Iraq-Kuwait Observation Mission** (A/51/658/Add.3, A/52/790 and Corr.1 and Add.1, A/52/824 and A/52/860/Add.7)

Agenda item 125: Financing of the United Nations Mission for the Referendum in Western Sahara (*continued*) (A/52/730/Add.1, A/52/730/Add.3 and A/52/860/Add.8)

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Agenda item 129: Financing of the United Nations operation in Mozambique (A/49/649/Add.3; A/51/807, A/52/680 and Add.1 and A/52/853)

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Agenda item 138: Financing of the United Nations Mission in Bosnia and Herzegovina (A/52/708 and Corr.1, A/52/786 and A/52/860/Add.3)

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Agenda item 140: Financing of the United Nations Preventive Deployment Force (A/52/768, A/52/805 and A/52/860/Add.1)

Agenda item 142: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations:

(a) **Financing of the United Nations peacekeeping operations**

1. **The Chairman** said that the Committee would begin its consideration of the proposed budgets for all peacekeeping operations for the period from 1 July 1998 to 30 June 1999 with a general introduction by the Controller of the reports for each individual operation.

2. **Mr. Halbwachs** (Controller) drew attention first to the report of the Secretary-General containing the financial performance report for the United Nations Disengagement Observer Force (UNDOF) (A/52/771) and the proposed budget for the operation for the coming year (A/52/771/Add.1). The variance between the $32,393,100 expenditure and the requested appropriation of $32,254,100 was 0.4 per cent, attributable mainly to the operation's prorated share of the cost of maintaining the United Nations Logistics Base at Brindisi. The proposed budget of $33,643,900 represented a 3.9 per cent increase, relating to replacement of vehicles and data-processing equipment and medical expenses. No staffing changes were envisaged, as indicated in paragraph 29 of A/52/771/Add.1. Paragraph 28 of A/52/771/Add.1 set out the provisions made to implement the recommendations of the Office of Internal Oversight Services and the Advisory Committee on Administrative and Budgetary Questions (ACABQ). A separate report would be

issued on the cost of support to UNDOF from the United Nations Truce Supervision Organization (UNTSO).

3. The performance report on the United Nations Interim Force in Lebanon (UNIFIL) contained in document A/52/804 showed a variance of $1 million. Of the additional requirements, $693,356 related to the incident at Qana, (paras. 10 and 11 of the report) while the balance of $382,244 represented the increase in local staff salaries and the UNIFIL share of the costs of the Brindisi Logistics Base. Action to be taken by the General Assembly was set out in paragraph 12. The proposed budget for the period from 1 July 1998 to 30 June 1999 was contained in document A/52/806. The total of $136.7 million represented an increase of 11.9 per cent, attributable to an increase in local staff salaries (annex II, para. 13), the addition of 52 posts and the replacement of vehicles and communications equipment. He also drew attention to paragraphs 22 and 23 of the report, which explained the provisions made for implementation of OIOS recommendations to improve aviation services.

4. Turning to the performance report for the United Nations Angola Verification Mission (UNAVEM) (A/52/385/Add.1), he said that actual expenditures for the period under review had amounted to $302.2 million, leaving an unencumbered balance of $3.5 million. That balance had resulted from the phased repatriation of observers, lower levels of civilian deployment and the move from rental housing to housing owned by the mission. Document A/52/799/Add.1 contained the proposed budget for the maintenance of the United Nations Observer Mission in Angola (MONUA) for the period from 1 July 1998 to 30 June 1999. Because of savings resulting from the withdrawal of military personnel, it would be possible to reduce the budget by $10.3 million. The Advisory Committee had requested that consideration of that operation should be postponed; accordingly, a bridging appropriation would be requested to cover the period from 1 July to 31 October 1998.

5. With regard to the United Nations Iraq-Kuwait Observation Mission (UNIKOM), the performance report contained in document A/52/790/Add.1 showed an unencumbered balance of $4.1 million, chiefly as a result of lower-than-estimated requirements under mission subsistence allowance for military observers and savings on transport costs. The proposed budget appropriation of $50.6 million, as detailed in document A/52/824, included a voluntary contribution by Kuwait covering two thirds of that amount. As for mission subsistence allowance, the report submitted pursuant to General Assembly resolution 51/234 (A/52/790) indicated that overpayment of $6.3 million had occurred and that $751,275 had been recovered as at 31 December 1997. An inquiry into the situation was still under way, but, in order to prevent a recurrence, revised and simplified guidelines for mission subsistence allowance and compensatory time had been issued.

6. The performance report for the United Nations Mission for the Referendum in Western Sahara (MINURSO) (A/52/730/Add.1) showed an unencumbered balance of $2.5 million, which it recommended (para. 8) should be credited to Member States. The proposed budget of $65,053,200 (A/52/730/Add.3) represented a 37 per cent increase. Staffing levels would remain unchanged, except for the repatriation of two demining platoons. The Secretariat intended to request a bridging appropriation for the period from 1 July to 31 October 1998 and would make a subsequent request for the full amount required.

7. Turning to the financing and liquidation of the United Nations Transitional Authority in Cambodia (UNTAC), he drew attention to the administrative and management evaluation conducted by ACABQ (A/52/865). The major constraint noted had been the shortage of experienced personnel. The report of the Secretary-General (A/52/819) provided updated information on the status of the UNTAC special account and additional financial requirements, attributable for the most part to outstanding claims from Governments. Actions taken by the General Assembly were set out in paragraph 16 of that report.

8. The performance report of the United Nations Peace Forces (UNPF) was contained in document A/52/815. The savings of $3.4 million were the result of three factors: first, the number of military contingents had been lower than the number budgeted; second, costs for air operations had been lower than expected (annex II, para. 48); and third, the requirements for environmental clean-up had been less than budgeted (annex II, para. 79). Details on the final disposition of assets were provided in document A/52/792. He drew attention to table 1 of that document and noted that 16 per cent of inventory would be written off outright, while 3 per cent would be written off to theft. The General Assembly would be requested to take note of the report.

9. The report of the Secretary-General on the United Nations Operation in Mozambique (ONUMOZ) (A/51/807) reflected a cumulative unencumbered balance of $19,052,400, consisting of credits not yet returned to Member States. Updates on the assets of ONUMOZ were contained in document A/52/680 and its addendum. The General Assembly would need to take decisions on the crediting of Member States with the cumulative unencumbered balance, the treatment of the cumulative

interest and income, and the treatment of any surplus arising from the liquidation of the remaining obligations in the special account.

10. The proposed budget for the United Nations Peacekeeping Force in Cyprus (UNFICYP), contained in document A/52/775/Add.1, included voluntary contributions from the Governments of Greece and Cyprus, in keeping with the ACABQ recommendation that all voluntary contributions should be reflected in the budget. The requested appropriation of $43,009,000 represented a decrease of 10.4 per cent, due to the abolition of 86 local posts pursuant to a mission-wide review of staff resources.

11. The performance report for the United Nations Observer Mission in Georgia (UNOMIG) (A/52/770) showed expenditures of $15,937,000 and an unencumbered balance of $1,152,600 resulting from military and civilian vacancies and the provision for the operating costs of a fixed-wing aircraft provided by the Government of Switzerland. The proposed budget of $20,743,400 (A/52/787) added 20 local staff posts and one D-2 department head, in addition to funds for vehicles, communications and data-processing equipment, for a 4 per cent increase over the budget for the previous period.

12. The financial performance report of the United Nations Mission of Observers in Tajikistan (UNMOT) (A/52/772) showed an unencumbered balance of $1,507,900, which had been due primarily to higher vacancy rates for military observers and international civilian staff and the limited use of helicopter services. The action to be taken by the General Assembly was a decision to credit Member States with their respective share of the unencumbered balance. The proposed budget for UNMOT (A/52/772/Add.2) amounted to $22,282,100. It provided for the maintenance of UNMOT, based on the expansion of its mandate, and reflected an overall increase of 34 per cent. Action to be taken by the General Assembly included the appropriation and assessment of $22,282,100 for the period from 1 July 1998 to 30 June 1999, subject to the extension of the mission's mandate by the Security Council.

13. Turning to the performance report for the United Nations Mission in Bosnia and Herzegovina (UNMIBH), including the United Nations Mission of Observers in Prevlaka (UNMOP) (A/52/708), he noted that the operation showed an unencumbered balance of $33,031,700. That balance had resulted primarily from delayed deployment of civilian staff, continued availability of supplies from UNPF headquarters for the maintenance of premises and supplies, fewer operational vehicles than estimated and reduced utilization of satellite and commercial communications. The General Assembly must decide on the treatment of the unencumbered balance. The proposed budget (A/52/786) called for a total of $190,921,200.

14. As a result of the termination of the mandate of the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES), the United Nations liaison offices at Belgrade and Zagreb would be treated as part of UNMIBH beginning 1 July 1998 and 16 October 1998 respectively. Although UNMOP and the United Nations liaison offices at Belgrade and Zagreb were independent, they would be treated as part of UNMIBH for administrative and budgetary purposes. The provision of central support services to the peacekeeping missions in the former Yugoslavia had been transferred from the former United Nations Peace Forces headquarters to UNMIBH as at 1 July 1997. The actions to be taken by the General Assembly were set out in paragraph 50 of document A/52/786.

15. The additional information requested by the Advisory Committee had been provided in paragraphs 43 and 44 and annex VIII of the budget report. The Advisory Committee had also requested that the ratio of locally recruited staff to police monitors as well as their function should also be reviewed. That had been done, and it had been concluded that the ratio could not be reduced (paras. 47-49 and annex VII).

16. The financial performance report for the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES), including the liaison offices at Zagreb and Belgrade, for the period from 1 July 1996 to 30 June 1997 (A/52/722), indicated an unencumbered balance of $15,899,400, resulting primarily from delayed deployment of military and civilian personnel, the availability of rent-free accommodation, provision of supplies by UNPF headquarters and the operation of fewer vehicles than estimated. The action to be taken by the General Assembly was a decision on the treatment of the unencumbered balance.

17. Turning to the proposed budget for UNTAES for the period from 1 July 1997 to 30 June 1998 (A/52/801), he noted that the total cost of maintaining the mission had been estimated at $266,619,500 in the Secretary-General's report of 28 February 1997 (A/51/520/Add.3). However, the Security Council had subsequently terminated the mandate of UNTAES on 15 January 1998 and established the Civilian Police Support Group with a mandate limited to a single nine-month period from 16 January to 15 October 1998. The report before the Committee contained the revised budget for the period from 1 July 1997 to 30 June 1998 and

provided for the maintenance of UNTAES to 15 January 1998 and the mission's liquidation thereafter, as well as for the maintenance of the Support Group for the period from 16 January to 30 June 1998. The revised budget amounted to $139,213,300 gross, inclusive of budgeted voluntary contributions in kind amounting to $297,500, consisting of $112,122,300 gross for the maintenance of UNTAES, $17,397,600 gross for its liquidation and $9,693,400 gross for the maintenance of the Support Group. The estimates for the Support Group provided for an authorized strength of up to 180 civilian police supported by 52 international and 165 local staff.

18. The financial performance report of the United Nations Preventive Deployment Force (UNPREDEP) (A/52/768) indicated an unencumbered balance of $1,264,400, resulting primarily from lower deployment of civilian staff, availability of supplies from UNPF headquarters and greater reliance on the United Nations-owned communications network. The action to be taken by the General Assembly was a decision on the treatment of the unencumbered balance. The proposed budget for UNPREDEP (A/52/805) amounted to $15.7 million, with the proposed budget for its subsequent liquidation set at $6.6 million. The action to be taken by the General Assembly included the appropriation and assessment of the amount of $22,314,100 gross for the maintenance and liquidation of the Force for the period from 1 July 1998 to 30 June 1999.

19. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) drew attention to the Advisory Committee's report on the financing of the United Nations peacekeeping operations (A/52/860). In its report, the Advisory Committee again referred to the conditions under which it was often forced to work and the recurring problems of late submission of documents and poorly prepared Secretariat reports. The issues raised in the report required urgent attention by the Secretariat, and in particular by the various under secretaries-general.

20. There was a need to improve budget performance reports by making them more analytical and informative about all subjects relating to budget implementation, control and management. Realistic peacekeeping budgets must be prepared on the basis of accurate data. Budget estimates should take fully into account prior experience and the results of budget performance, thereby avoiding the presentation of unrealistic and often inflated budget estimates.

21. The process of preparing budget estimates and performance reports also needed considerable improvement. Procedures for the control and monitoring of budget implementation needed to be streamlined. Coordination between various Secretariat units at Headquarters and the field should be improved. The Advisory Committee was also convinced that the quality and quantity of staff resources should be carefully evaluated and more training programmes introduced to enhance staff expertise and ensure a return on the investment in new technology. Procedures and systems for asset management and inventory control needed to be improved considerably.

22. Chapter IX of the report dealt with voluntary contributions; since the General Assembly had already approved guidelines on the treatment of voluntary contributions, there was no need for new reports on the subject. The resolutions of the General Assembly should be implemented, and such implementation should be monitored by the General Assembly through the Advisory Committee.

23. Some of the problems identified by the Advisory Committee were of serious concern. For example, the Advisory Committee had concluded that the Secretariat's ability to implement the new procedures for reimbursing troop-contributing countries for contingent-owned equipment was flawed, and had requested a special audit by the Board of Auditors.

24. The report was accompanied by a number of addenda containing the Advisory Committee's reports on the budgets of peacekeeping operations for the period from 1 July 1998 to 30 June 1999. The Advisory Committee had also submitted a series of other reports which dealt with the status of special accounts for peacekeeping operations, or with missions that were under liquidation.

25. The report by the Board of Auditors had just been issued, and the Advisory Committee had met with members of the Board's Audit Operations Committee and with representatives of the Secretary-General. Because of time constraints, the Advisory Committee had decided to submit its report to the General Assembly at its fifty-third session. That delay would allow the Advisory Committee to give careful attention to the report of the Board of Auditors and to hold further discussions with representatives of the Secretary-General and the specialized agencies. In future, the Secretariat must close the accounts and prepare the financial statements and financial reports in time for the Board to complete its report earlier, so that the Advisory Committee and the General Assembly would have adequate time to consider the Board's report in conjunction with peacekeeping reports, in accordance with the new cycle for the review and approval of budgets for peacekeeping operations.

26. In its report on gratis personnel (A/52/890), the Advisory Committee recommended acceptance of the guidelines proposed by the Secretary-General for the employment of such personnel and made a number of comments which should be taken into account when the Secretariat implemented those guidelines. On the question of phasing out gratis personnel, the Advisory Committee had not commented on the latest quarterly report of the Secretary-General (A/C.5/52/51), which had been issued after it had approved its own report, but had pointed out that the procurement of gratis personnel services must be in full compliance with the provisions of General Assembly resolutions on the matter, which had not always been the case.

27. The Advisory Committee had been unable to submit a full report on the support account, for the reasons set out in its interim report, (A/52/892). It would submit a detailed report to the General Assembly at its fifty-third session. In the meantime, the Advisory Committee was recommending the conversion of 34 gratis positions to temporary posts, the addition of four new posts for asset management, the filling of 30 vacant posts and the flexible redeployment of the 346 posts in the current establishment. To that end, it recommended that $34.4 million should be appropriated for the support account.

28. The Advisory Committee's report on the financing of the United Nations Operation in Mozambique (A/52/853) was concerned with the final performance report and the disposition of the assets of the mission. The Advisory Committee recommended that Member States should be credited with $42.6 million in a manner to be determined by the General Assembly and that the Assembly should consider crediting the peacekeeping reserve fund with $15.3 million, representing interest and miscellaneous income.

29. The report of the Advisory Committee in document A/52/865 concerned the status of the special account for the United Nations Transitional Authority in Cambodia (UNTAC) and made comments on the report of the Secretary-General on the evaluation of the United Nations operations in Cambodia (A/51/777). Many of the findings in that report had been mentioned in numerous Advisory Committee reports on practically every peacekeeping operation. Regarding the status of the special account, the Advisory Committee recommended an additional appropriation of $17.7 million and the crediting to Member States of $8.7 million.

30. The Advisory Committee's report in document A/52/868 dealt with the financial performance report of the United Nations Protection Force (UNPROFOR) and its successor, the United Nations Peace Forces (UNPF), together with the question of the disposition of assets. A final performance report would be submitted late in 1998 or early 1999. The Committee might wish to consider whether there was a need to take action, at the current stage, on the reports of the Secretary-General and of the Advisory Committee.

31. The Advisory Committee had not submitted full reports for the United Nations Mission of Observers in Tajikistan (UNMOT), the United Nations Mission for the Referendum in Western Sahara (MINURSO) or the United Nations Observer Mission in Angola (MONUA). For those missions, the Advisory Committee was recommending, for the reasons explained in its report (A/52/860/Add.8), an appropriation and assessment of $72.8 million gross, as against the Secretary-General's initial proposals of more than $220 million. The recommended amount was based on the monthly requirement for those missions up to 31 October 1998, by which time it was expected that the Advisory Committee would be in a position to receive, review and submit recommendations on the revised estimates from the Secretariat.

32. The Advisory Committee had submitted recommendations on the budget for the United Nations Logistics Base at Brindisi, but intended to review carefully the information on the cost-benefit analysis that the Secretariat had submitted. The Advisory Committee would report to the General Assembly thereon in September 1998.

33. For the other missions he had not specifically referred to, the Advisory Committee's recommendations could be found in the individual reports on those missions. Wherever appropriate, the Advisory Committee had adjusted the estimates submitted by the Secretariat. In view of its recommendations in its general report (A/52/860), in particular paragraph 23, the Advisory Committee had recommended an additional general reduction of 5 per cent of all the estimates as reflected in the addenda to the report, except for the estimates of three missions: UNIFIL, UNDOF and UNFICYP. The Advisory Committee was currently preparing its report on the Secretary-General's estimates (A/52/895) for the financing of the new United Nations Mission in the Central African Republic (MINURCA).

34. **Mr. Paschke** (Under-Secretary-General for Internal Oversight Services) introduced the report of the Office of Internal Oversight Services on the audits of the procurement process in the United Nations Angola Verification Mission (A/52/881), which summarized the findings of audits conducted between June 1996 and December 1997. A draft of the report had been sent to the Department of

Peacekeeping Operations in February 1998, and the Department's comments thereon had been received in April 1998. Thus it had only been possible to finalize the report after those comments had been considered.

35. The audits had disclosed serious management deficiencies and apparent breaches of financial rules as well as improprieties and irregularities in the procurement process which had, in some cases, resulted in significant losses to the Organization.

36. While the Administration was expected to provide the General Assembly with a comprehensive report on corrective measures taken and its efforts to recover losses, the Office of Internal Oversight Services had included in the present report available information on remedial action taken so far. The Office appreciated the timely response by both the Mission and the Department of Peacekeeping Operations to the audit findings and the actions they had taken to implement the recommendations, all of which had helped to improve the process. However, while action on some of the issues had already been completed, there were a number of remaining issues that needed to be monitored closely.

37. He then introduced the report of the Office on the termination benefits paid to the locally employed civilians in UNFICYP (A/52/886). By its resolution 51/235, the General Assembly had requested the Office to evaluate and report on the events and circumstances which had led to the United Nations responsibility for termination paid to locally employed civilians in UNFICYP, including all aspects of accountability and responsibility of United Nations staff.

38. By way of providing background for the Organization's decision to pay part of the accrued termination benefits payable to locally employed civilians, which amounted to $5.2 million, the report discussed a key legal document, a memorandum of understanding signed in 1979 by the United Kingdom and the United Nations, in which the United Kingdom had agreed to provide logistical support to UNFICYP at United Nations expense and to bear the cost of logistical support for the United Kingdom contingent of UNFICYP. However, the memorandum had not defined clearly or precisely the parties' respective obligations and responsibilities vis-à-vis the employees' various entitlements and benefits. For reasons explained in the report, the United Kingdom Government had decided in November 1994 to discontinue providing that service.

39. When the Secretariat had learned of that decision by the United Kingdom, it had been under pressure to develop a solution which would maintain the continuity of the mission's day-to-day operations. At the same time, the financial implications of the Organization's legal liability in respect of termination benefits had not been perceived as a pressing legal issue, and officials from the Office of Legal Affairs and the Office of Programme Planning, Budget and Accounts who could have provided financial and legal assessments had not been initially consulted.

40. The report discussed the options which had been considered by the Department of Peacekeeping Operations in consultation with the Office of Human Resources Management. The option ultimately selected had consisted in converting the contractual status of locally employed civilians to that of locally recruited United Nations General Service staff by instructing the United Kingdom to terminate all contracts of locally employed civilians with the United Kingdom Civilian Establishment and Pay Office (CEPO). Subsequently, UNFICYP had rehired the locally employed civilians on the basis of demonstrated performance at levels established under a specially designed classification system.

41. After the Organization had decided to terminate the locally employed civilians, differences had arisen between the United Kingdom and the United Nations as to who should be responsible for paying termination benefits, and each party had supported its position by providing contradictory interpretations of its obligations. The United Nations had taken the position that the cost of termination benefits should be based on the same United Nations-United Kingdom cost-sharing formula which had applied to the salaries of locally employed civilians and other staff costs, including termination payments to such employees who had been terminated during the life of the memorandum of understanding. The United Kingdom's position, meanwhile, was that the United Nations was responsible for the totality of the termination payment, since the Organization had decided to terminate all the contracts in question and rehire the staff holding those contracts under new United Nations contracts.

42. The report further discussed the negotiations between the United Nations and the United Kingdom, which had lasted from the fall of 1995 until March 1997, when the parties had agreed on a settlement. During that process the Department of Peacekeeping Operations had sought and obtained advice from the Office of Legal Affairs. Ultimately the United Kingdom and the United Nations had both agreed to pay termination benefits based on the cost-sharing formula previously used by the parties for paying the employees' salaries.

43. The report stated unequivocally that no wrongdoing or impropriety on the part of the United Nations officials had been found at any stage of the process of option consideration and negotiation. The Organization's decision

to pay a portion of the termination benefit costs had been neither arbitrary nor wasteful. Indeed, serious and detailed consideration had been given to a range of options prior to choosing the only viable option in the light of the Organization's human resources policies. However, an analysis of the events and circumstances surrounding the decision showed that there were important lessons to be learned, and those were reflected in the conclusion of the report.

44. Based on the lessons learned, the report made two recommendations. First, in matters which presented significant legal issues and financial liability for the Organization, programme managers in the Department of Management and the Department of Peacekeeping Operations should consult the Office of Legal Affairs and the Office of Programme Planning, Budget and Accounts during the initial stages to assess possible risks to the Organization. Furthermore, in future, the United Nations should either enter into memoranda of understanding which spell out the details of the agreement between the parties, or else additional written agreements should be prepared within the framework of such memoranda spelling out the relevant details.

45. **Mr. Boynton** (United States of America) said that his delegation supported the Advisory Committee's recommendations to reduce the appropriation and assessment amounts proposed by the Secretary-General for individual items and to make a further reduction of 5 per cent for all peacekeeping operations, with the exception of UNDOF, UNIFIL and UNFICYP. His delegation had strong reservations about the level of appropriations proposed by the Secretary-General for UNIFIL and, to a lesser extent, for UNDOF, particularly the lack of adequate justification for the 61.8 per cent increase in UNIFIL salaries.

46. He supported the recommendations of ACABQ that the Secretary-General should review and improve the methodology, criteria and procedures of local labour market surveys to ensure that they were conducted as frequently as warranted and that relevant comparators were used. He was not convinced, however, that Rome should be used as the comparator for the United Nations Logistics Base at Brindisi or that Beirut should be used for UNIFIL.

47. All unencumbered balances should be credited to Member States in the normal manner. His delegation did not support any additions to the Peacekeeping Reserve Fund, in the light of the information provided to date.

48. He agreed with ACABQ that the Standard Ratios and Costs Manual should be periodically reviewed and revised to ensure that the standards more accurately reflected current, actual results. The Secretariat should conduct such reviews at least once every two years. He also agreed that the standard costs used for budgeting purposes should be tempered with actual performance results and that greater weight should be given to the use of mission-specific costs as opposed to standard costs when compiling the budgets.

49. His delegation agreed with ACABQ that the Secretary-General should intensify his efforts to streamline recruitment procedures in order to preclude higher-than-anticipated vacancy rates for peacekeeping operations personnel. It also supported the recommendations on contingent-owned equipment set out in paragraphs 46 and 47 of the Advisory Committee's report (A/52/860).

50. His delegation fully supported the recommendations contained in the report of the Board of Auditors (A/52/5). It was not convinced by the Secretary-General's responses to the Board's recommendations and findings, and hoped that the latter would be fully and expeditiously implemented. It was particularly concerned about the findings and recommendations of the Board and the Advisory Committee which highlighted management and internal control failures, coordination problems and poor management and budgeting practices.

51. His delegation was also deeply concerned about the lack of proper inventory management and control and about any recommendation by the Secretary-General to write off property that was presumed to have been lost or stolen. All property must be properly controlled on a continuous basis and inventoried annually, with managers held personally accountable for any lost or stolen property. The Secretary-General should take comprehensive, proactive measures to improve the selection and training of accountable managers. It was unacceptable that Member States should be asked to agree to write off millions of dollars' worth of items.

52. He questioned the need to procure vehicles and communications equipment for individual peacekeeping operations when those assets already existed at the United Nations Logistics Base at Brindisi and a comprehensive vehicle procurement system existed in the Procurement and Transportation Division at Headquarters. While his delegation fully supported the Brindisi Base and welcomed the progress that had been made in the field assets control system there, it nevertheless believed that further improvements could be made and urged the General Assembly to approve an annual budget for the Base as early as possible.

53. His delegation continued to be concerned about the number of international General Service posts in peacekeeping operations and at the United Nations Logistics

Base at Brindisi. Further information from the Secretariat on that subject, particularly with regard to UNIFIL, would be welcome. He proposed that the Committee should use the same language that had been used in General Assembly resolution 52/228, on the financing of the United Nations Mission for the Referendum in Western Sahara, namely: "requests the Secretary-General, in order to reduce the cost of employing General Service staff, to continue efforts to employ locally recruited staff for the Mission against General Service posts, commensurate with the operational requirements of such posts". His delegation agreed with the Advisory Committee that the Secretary-General should conduct a more comprehensive review of General Service posts with a view to replacing international General Service posts by local posts, except where the former were justified.

54. **Mr. Moktefi** (Algeria) said that his delegation supported most of the comments and recommendations in the report of the Advisory Committee (A/52/860). In particular, it agreed that there was a need to restore the discipline concerning budget formulation, review and approval (para. 11), enhance coordination between different departments of the Secretariat (para. 12), and streamline the preparation of performance reports (para. 17). It would be useful for the Secretariat to report on the progress achieved in solving the problems that had been identified.

55. On the subject of unliquidated obligations, his delegation agreed that estimates and procedures must be refined. The very high vacancy rates in most peacekeeping operations were a source of concern; the cumbersome recruitment procedures reduced the Organization's ability to obtain the services of skilled staff and undermined the operational performance of peacekeeping operations. His delegation would welcome explanations from the Secretariat about contingent-owned equipment arrangements, especially services contracted out by missions. It was also concerned about the possibility that the United Nations had paid twice for some items covered under wet-lease arrangements (para. 43). He sought explanations as to why three gratis personnel had conducted negotiations on the new contingent-owned equipment arrangements with the troop-contributing countries (para. 47), and why no adequate system existed for procurement, inventory management and disposal. Lastly, his delegation supported the call for a more transparent treatment of voluntary contributions, consistent with the principle of full budgeting (para. 56).

56. **Mr. Farid** (Saudi Arabia) said that his delegation supported the recommendations and observations contained in the Advisory Committee's report (A/52/860) and wished to highlight those about which it was particularly concerned. Firstly, more planning was needed for all aspects of travel. Secondly, all peacekeeping budgets should disclose estimated income from staff assessment and other sources. The statement that $11.6 million had been stolen from inventory (para. 52) was a source of serious concern to his delegation and must be followed up. He agreed with the Advisory Committee that $34 million should be appropriated to the support account and that an audit of the procedures for new contingent-owned equipment was necessary. It was also necessary to increase the capacity for the storage and transmittal of electronic data in the field and to establish links between the field and Headquarters. Lastly, there was a need to improve the internal control systems of all peacekeeping operations in the field.

57. **Mr. Watanabe** (Japan) said that since Japan's participation in the United Nations Transitional Authority in Cambodia (UNTAC) in 1992-1993, nearly 2,000 Japanese nationals had participated in United Nations peacekeeping operations and other international humanitarian assistance activities. The current participation of Japanese units in the United Nations Disengagement Observer Force (UNDOF) in the Syrian Golan continued to receive strong support from the people of Japan.

58. Outstanding contributions from Member States to peacekeeping operations, which currently stood at more than $1.54 billion, not only affected operations adversely but also precluded the reimbursement of troop-contributing countries.

59. With regard to the overestimation of the peacekeeping budget, he noted that the original overestimation had been 9.8 per cent for the period from 1 July 1996 to 30 June 1997. That figure indicated a lack of accountability in the Secretariat's budget proposals for peacekeeping operations, a matter of grave concern to Japan, which had paid nearly 20 per cent of the overestimation. His delegation therefore requested the Secretary-General to provide the Committee with more accountable budget proposals for peacekeeping activities and concurred with the recommendation of ACABQ that there should be a further reduction of 5 per cent for all operations with the exception of UNDOF, UNIFIL and UNFICYP.

60. With regard to the proper functioning of the Department of Peacekeeping Operations, he shared the concern expressed by a number of delegations about the consequences of the phasing out of gratis personnel. Japan supported the phase-out, but it should be implemented in a way that did not affect the proper functioning of the Department. He would welcome additional information from the Department that would enable the Committee to discuss the matter constructively.

61. On the subject of vacancy rates, his delegation believed that manpower was critical to peacekeeping activities, and it would therefore welcome clarification of the comparatively high peacekeeping vacancy rates.

62. Lastly, with regard to the budget cycle for peacekeeping operations, the Committee had had difficulty in deciding during the current session how to proceed with its consideration of the peacekeeping budget. As all delegations were aware, the problem concerned more than the Committee's working methods, and he hoped that a practical solution could be found in the near future.

63. **Mr. Najem** (Lebanon) said that he wished to speak on behalf of the Group of Arab States on the financing of the United Nations peacekeeping forces in the Middle East. Those States wished to convey their regret and displeasure at the fact that Israel had failed to meet its obligation, under paragraph 8 of General Assembly resolution 51/233, to pay the sum of $1,773,618 to cover the costs resulting from its attack on the UNIFIL compound at Qana in 1996. The international community, as represented in the General Assembly, should compel Israel to pay the costs in question; otherwise its non-compliance might set a precedent.

64. **Mr. Farid** (Saudi Arabia) endorsed the statement made by the representative of Lebanon.

65. **Mr. Sulaiman** (Syrian Arab Republic) said that Israel's financial obligations under General Assembly resolution 51/233, represented only a minute part of the consequences of the Israeli attack on the UNIFIL compound at Qana, and were nothing compared with the lives of the victims, namely the United Nations soldiers and the Lebanese civilians seeking protection at the compound. In accordance with the principles of international law, Israel, which had always contrived to evade its political responsibilities, must be forced to comply with resolution 51/233 so as to avoid establishing a precedent. In addition, a penalty must be imposed that would be sufficient to dissuade Israel from repeating such massacres. That was particularly important since Israeli attacks had also been directed against United Nations soldiers and premises.

66. **Mr. Atiyanto** (Indonesia) said that as a matter of principle, his delegation attached great importance to the financing of United Nations peacekeeping operations in the Middle East, especially UNIFIL. His delegation supported the statement by the representative of Lebanon on behalf of the Arab States.

67. **Mr. Cohen** (Israel) said that the cynical attempt made in the Committee in 1997 to impute responsibility to Israel for the Qana incident through political manipulation of a technical resolution had not succeeded in altering the facts then, just as repetition of General Assembly resolution 51/233 and the same recycled rhetoric could not alter the facts now. Defensive military operations against terrorists who had shamelessly used a UNIFIL outpost as cover for their provocative attacks had been, and continued to be, justified and necessary. It should be noted, however, that on 1 April 1998 the Government of Israel had adopted a decision to accept Security Council resolution 425 (1978) in order to break through the current impasse and revive efforts to implement that resolution fully. Israel hoped that that effort would help to ensure peace with all its neighbours. Repeating the previous year's political show at the current meeting would only serve the efforts of those who wished to undermine any peace initiative and preferred continued violence and confrontation to negotiations and compromise. The United Nations could remain mired in the bitter controversies of the past, or it could seize the opportunity to assist in working out a solution to conflict, as called for in the Charter.

68. **Mr. Najem** (Lebanon) said that his delegation took exception to the fact that the representative of Israel should seek to place responsibility for the Qana incident on the resistance fighters in southern Lebanon and that he should characterize them as terrorists. Actually, they were resisting the Israeli occupation and were committed to the freedom and liberation of Lebanon. It was Israel's occupation of southern Lebanon and its seizure of territory by force that represented terrorism, as did its killing of civilians and its attack on the UNIFIL compound at Qana. Israel's conditional acceptance of Security Council resolution 425 (1978), 20 years after its adoption, was to be regarded as undermining the entire resolution. Israel alone must bear the consequences of its aggression.

69. **Mr. Sial** (Pakistan) said that his delegation attached great importance to the need to finance all peacekeeping operations. Like the representative of Lebanon, he wished to stress the need for full implementation of General Assembly resolution 51/233.

70. **Mr. Sulaiman** (Syrian Arab Republic) said that Israel's allegation that Arab citizens defending their land were terrorists was merely an attempt to conceal the falsehood on which the State of Israel was itself based. It was a reflection of Israel's terrorist policy based on the expulsion and murder of local inhabitants. Israel spoke of peace, but it did not mean what it said: it had never in its history implemented any resolutions of the General Assembly or the Security Council. Following up General Assembly resolution 51/233 by compelling Israel to meet its financial responsibilities was a simple matter in comparison

with the successive crimes Israel had committed since coming into existence on Arab land.

71. **Mr. Boynton** (United States of America) said that the Committee should concentrate on administrative and budgetary issues and leave political issues to the appropriate bodies. The statements just made were regrettable since peacekeeping operations by their nature involved many sides, and if every side made such statements the Committee would never be able to approve any budgets.

72. **Mr. Darwish** (Egypt) said that he endorsed the statement made by the representative of Lebanon on behalf of the Arab States and would therefore limit his remarks to a small number of issues. His delegation supported the full implementation of General Assembly resolution 51/233, and Israel must discharge all of its financial obligations as set forth in that resolution. Accordingly, his delegation endorsed the recommendations of the Advisory Committee contained in paragraphs 4 and 22 of its report (A/52/860/Add.6).

73. He wished to know whether the share of the cost of the United Nations Logistics Base at Brindisi charged to UNIFIL was subject to change and how it was calculated each year. He also wished to know why no local salary survey had been undertaken between 1992 and 1996, when local staff salaries had suddenly been raised by 61.8 per cent. He sought an explanation of the recommendation that the reserve fund for the third-party liability insurance of helicopters should be eliminated and the unencumbered balance returned to Member States. He wondered whether the reasons that had prompted the establishment of the fund 12 years earlier were no longer valid, rendering its continued existence pointless. In any event, the reasons for the presence of the Force itself continued to exist.

74. **Ms. Buergo-Rodriguez** (Cuba) said that the item under consideration was highly sensitive, and it was very important that the General Assembly should give it due attention. Her delegation believed that the Committee should ensure the implementation of General Assembly resolutions especially those which had originated in the Committee, such as resolution 51/233. All the work of the Main Committees was political, and the Fifth Committee could not abstract itself from the general, political nature of its work.

75. **Mr. Yeo** (Director of the Peacekeeping Financing Division), replying to the representative of Egypt, said that the UNIFIL reserve account for the third-party liability insurance of helicopters had been established in 1986. At that time there had been particular circumstances which had led to drastic cost increases in insurance premiums for UNIFIL helicopters; it had therefore been agreed that limited commercial insurance coverage would be purchased for the helicopters and that the third-party portion would be self-insured. The reserve account had been established to receive the funds approved in the UNIFIL budget for that purpose. Those amounts had been collected over the years, but, as noted by the Advisory Committee in its latest report, there had subsequently been no need for recourse to those funds. The Advisory Committee had therefore concluded that the reserve fund should be eliminated. The Secretariat had provided the Advisory Committee with detailed information regarding the payments made and the increases in local level staff salaries; that information would be provided to the Committee in writing at its next meeting.

76. **Mr. Sulaiman** (Syrian Arab Republic) said that the Advisory Committee had not commented adequately on the subject of appropriations in its report on UNIFIL (A/52/860/Add.6). There was a disparity between the English and French texts with regard to the additional requirement of $639,356 (para. 4), and the French text should be corrected.

77. **Mr. Monayir** (Kuwait), addressing the matter of the overpayment of mission subsistence allowance at the United Nations Iraq-Kuwait Observation Mission (UNIKOM), expressed surprise at the increase in the amount in question, as reported in document A/52/790 and Corr.1, from $988,443.50 to $6,312,201.53. The overpayment, which the document in question indicated was the result of the erroneous application of mission subsistence allowance rules in regard to several components of mission subsistence allowance entitlement, had been discovered in 1993, yet no steps had been taken to halt it at the time. The matter was of the greatest importance to the Government of Kuwait, which had voluntarily agreed to defray two thirds of the cost of UNIKOM but which did not agree to absorb the cost of mistakes made by officials in various locations, whether at Headquarters or in the field.

78. His delegation supported the recommendations made by the Advisory Committee in its report (A/52/860/Add.7), particularly that contained in paragraph 16, and urged speedy intervention with a view to scrutinizing and reviewing the accounts in order to ascertain that there had been no other mistakes. He also wished to point out that Kuwait had also made contributions in kind, but they were rarely mentioned.

79. **Mr. Odaga-Jalomayo** (Uganda) asked when the report of the Secretary-General on the payment of mission subsistence allowance would be available.

80. **Mr. Halbwachs** (Controller) said that, as noted in the report of the Secretary-General, the Government of Kuwait had been a generous contributor to UNIKOM. On the

question of overpayment, the Office of Internal Oversight Services was currently conducting an audit in that area.

81. **Mr. Medina** (Morocco) drew attention to the disparity between the English and French versions of the Secretary-General's report on the financing of the United Nations Mission for the Referendum in Western Sahara (A/52/730/Add.1 and Add.3). Morocco considered the English version to be the authentic text.

The meeting rose at 12.55 p.m.